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# GUIDELINES FOR A RAPID FINANCIAL SOUNDNESS ASSESSMENT (RFSA) (WORKING DOCUMENT)

**SEPTEMBER 2009**

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# GUIDELINES FOR A RAPID FINANCIAL SOUNDNESS ASSESSMENT (RFSA)

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## INTRODUCTION

The USAID Bureau for Economic Growth Agriculture and Trade (EGAT) created the Financial Sector Knowledge Sharing Project (FS Share) to collaborate with USAID missions to develop effective and efficient financial sector programs that increase access to financial services and develop well-functioning markets worldwide. USAID awarded Chemonics International the FS Share delivery order under the Financial Sector Blanket Purchase Agreement. FS Share has a three-year performance period, July 2008 through July 2011.

Through the FS Share Task Order, USAID EGAT and Chemonics proactively collaborate with missions to identify financial sector priorities and develop strategies and programs to grow the financial sector. FS Share identifies financial sector best practices and aggregates them through model scopes of work, technical briefs, diagnostic tools, best-practice case analyses, and other tools. These deliverables are disseminated to USAID missions for integration into financial sector programming. On a case-by-case basis, FS Share assists with implementation and connects mission staff to external resources on best practices. In response to mission demand, FS Share delivers presentations and other knowledge-sharing endeavors.

### Objective of a rapid financial soundness assessment

The objective of the guidelines for a Rapid Financial Soundness Assessment (RFSA) is to identify the strengths and vulnerabilities of financial sector participants, assess overall soundness and stability of the financial, real and household sectors, highlight linkages between the macro-economy and the financial, real and household sectors, and ascertain technical assistance needs and policy recommendations.

RFSA was developed by Roberto Toso, FS Share program manager, with support from USAID EGAT.

### FS Share Rapid Response Hotline

For assistance identifying resources and addressing questions about financial sector assessments, contact FS Share Project Manager Roberto Toso at 202-955-7488 or [rtoso@chemonics.com](mailto:rtoso@chemonics.com), or Melissa Scudo at 202-775-6976 or [mscudo@chemonics.com](mailto:mscudo@chemonics.com).

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## METHODOLOGY

The RFSA process takes two to four weeks to complete, depending on the size and complexity of the financial system under analysis. The RFSA is a participatory exercise and is to be carried out by a team of senior experts working with the country's counterpart teams from the central bank, the ministry of finance (or equivalent entities), and other financial regulators.

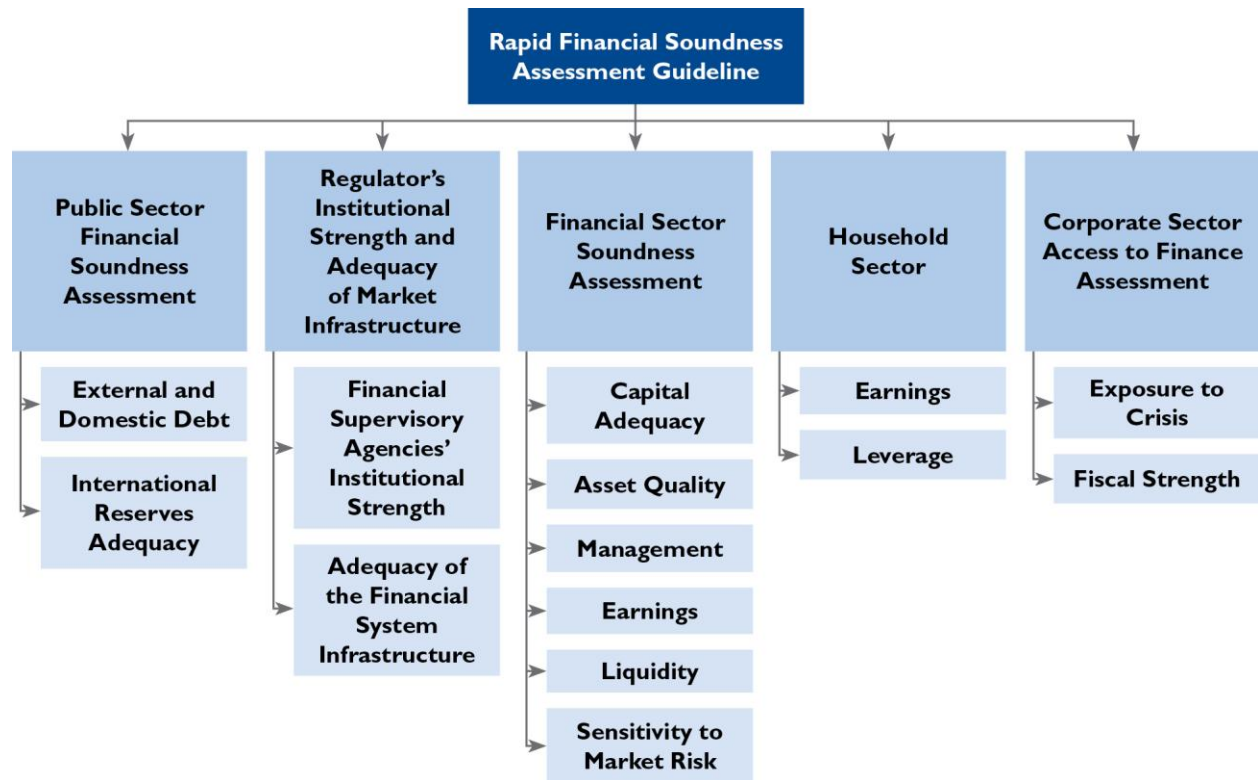
The main characteristics of the RFSA are speed, simplicity, and action-driven guidance. The RFSA is not a substitute for top-down and comprehensive assessments such as “stress tests” and the Financial Sector Assessment Program (FSAP) conducted by the World Bank and The International Monetary Fund (IMF), both of which require specialized resources and more time to execute.

The RFSA is divided into five sections. The first two sections are analytical; they provide an overview of the financial soundness of the public sector and the capacity of a country's regulatory system and market infrastructure to withstand a financial crisis. This assessment is based on a review of secondary data, including economic reports and statistics, legislation, and regulations. Sections 3 and 4 of the RFSA provide a framework to assess the capacity and soundness of financial institutions and the corporate sector in the market under consideration. Section 5 provides criteria to assess two key financial soundness indicators for the most vulnerable households: exposure to financial shocks and fiscal strength to address social safety-net protection needs.

The RFSA guidelines are to be customized on a country-by-country basis.

Reliable information is critical during a financial crisis. Therefore, it is of the utmost importance to interview the right people/sources. An interviewee may give biased and subjective answers or withhold information because he/she has an interest in how his/her answers will be interpreted. For example, a financial regulator may seem best-suited to answer questions about the law, regulations, and enforcement capability, but could be reluctant to report inadequacies in his/her work. Similarly, senior officials at the central bank and ministry of finance (or equivalent entities) may be regarded as good sources for information about market developments and financial sector shocks, but few are likely to admit they are not doing everything possible to address the crisis. Assessors should seek verification of responses by local independent economists and consultants, and representatives from international agencies such as the World Bank, the IMF and USAID.

## FRAMEWORK FOR A RAPID FINANCIAL SOUNDNESS ASSESSMENT



# COMPLETING A RAPID FINANCIAL SOUNDNESS ASSESSMENT

## Section 1: Public Sector Financial Soundness Assessment

The objective of this assessment is to obtain qualitative and quantitative indicators.

### A. Review indicators of external and domestic debt

Illustrative indicators:

- Debt-maturity profiles and amortization schedule
- Interest rate structure and currency composition
- Ratios of external debt to exports and gross domestic product (GDP) are useful indicators of trends in debt and repayment capacity.
- Where public-sector borrowing is significant, the ratio of debt to tax revenue is particularly important to assess the country's repayment capacity.
- Sovereign country risk ratings (by international rating agencies)

### B. Review indicators of reserves adequacy

Illustrative indicators:

- International reserves adequacy to assess a country's ability to avert liquidity crises
- The ratio of reserves to short-term debt as a proxy to assess the vulnerability of countries with significant but uncertain access to voluntary international capital markets lending.

Assessors should interview and obtain reports from senior officials in the central bank, ministry of finance (or equivalent entities), and representatives of USAID and international financial institutions (IFIs), including the World Bank and the IMF.

## Section 2: Financial Regulator's Institutional Strength and Adequacy of the Market Infrastructure

The objective of this assessment is to obtain qualitative and tabulated quantitative information (current and compared with one year ago) on:

### A. Financial Supervisory Agencies' Institutional Strength

- Is focus on formal compliance adequate (check-box approach)? Is attention to quality of management, governance, risk management, and internal controls sufficient?
- Does the law provide adequate enforcement powers? Do the capacity and willingness to use such powers exist?
- Is the regulator effectively independent?
- Is regulatory forbearance common or unusual?
- Is information exchange with domestic and foreign supervisors effective?

- What is the capacity to identify vulnerabilities of specific financial entities? Are leaders willing and politically able to enforce corrective actions?
- What is the capacity and political willingness to identify systemic vulnerabilities and effectively act upon them?
- What specific actions have authorities adopted to confront a crisis?

## **B. Adequacy of the Financial System Infrastructure**

- Legal infrastructure for finance, including insolvency regime, creditor's rights, and financial safety nets
- Systemic liquidity infrastructure, including monetary and exchange operations, and payments and securities settlement systems.
- Transparency, governance, and information infrastructure, including monetary and financial policy transparency; corporate governance; accounting and auditing framework; disclosure regime and market-monitoring arrangements for financial and non-financial firms; and credit-reporting systems.

Assessors should interview and obtain updated reports from senior officials in the ministry of finance, the central bank (or equivalent entities), the financial supervisor, and representatives of USAID and IFIs, including the World Bank and IMF.

## **Section 3: Financial Sector Soundness Assessment**

The objective is to assess a representative sample (depending on the country) of commercial banks' and other selected financial institutions' (e.g., insurance companies and microfinance institutions) current strengths and weaknesses to confront a crisis. This assessment helps reveal how vulnerable a country's financial system is to institutional and regulatory weaknesses and market risks, including changes in international and domestic funding sources, interest rates, and exchange rates.

The assessment is conducted through interviews with senior managers and/or main shareholders using a simplified Federal Deposit Insurance Corporation (FDIC) CAMELS framework and classification system.<sup>1</sup> Once the interview process is complete, financial institutions are classified according to the following categories:

*Category A.* The financial institution is fundamentally sound. Any weaknesses are minor and can be handled adequately by the board of directors and management. The financial institution is stable and capable of withstanding current business fluctuations; it is in substantial compliance with laws and regulations. Overall risk-management practices are satisfactory relative to the institution's size, complexity, and risk profile. Because there are no material supervisory concerns, the supervisory response is informal and limited. Depending on the institution's size, systemic implications may or may not exist.

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<sup>1</sup> Capital, assets, management, earnings, and liquidity (CAMEL) are the five components of a bank's financial operation examined by regulators. A sixth component — bank and thrift Sensitivity to interest-rate or market risk — was added in the late 1990s, changing the acronym to CAMELS.

*Category B.* The financial institution exhibits some degree of weakness in one or more of the component areas. Management may lack the ability or willingness to effectively address weaknesses within appropriate time frames. The institution is less capable of withstanding business fluctuations and is more vulnerable to outside influences. Additionally, there may be noncompliance with certain laws and regulations. Risk-management practices may be unsatisfactory relative to the institution's size, complexity, and risk profile. The institution requires extra supervision, which may include formal or informal enforcement actions. Failure appears unlikely given overall strength and financial capacity. Depending on the institution's size, systemic implications may or may not exist.

*Category C.* The financial institution exhibits unsafe to extremely unsafe and unsound practices or conditions. There are serious financial or managerial deficiencies that result in unsatisfactory performance, and weaknesses and problems are not being satisfactorily addressed or resolved by the board of directors and management. The institution is not capable of withstanding business fluctuations. There may be significant noncompliance with laws and regulations. Risk-management practices are generally unacceptable relative to the institution's size, complexity, and risk profile. Close and ongoing supervisory attention is required; in most cases, formal enforcement action is necessary to address the problems. The institution poses a significant risk to the deposit insurance fund and failure is highly probable. Depending on the institution's size, systemic implications may or may not exist.

## **CAMELS Assessment Components**

A simplified FDIC CAMELS framework assesses an institution's financial vulnerabilities. The key components assessed are capital adequacy, asset quality, management capability, earnings quantity and quality, and liquidity adequacy.

*Capital.* A financial institution is expected to maintain capital commensurate with the nature and extent of its risks and the ability of management to identify, measure, monitor, and control these risks. The effect of credit, market, and other risks on the institution's financial condition should be considered when evaluating the adequacy of capital. The types and quantity of risk inherent in an institution's activities will determine if it is necessary to maintain capital at levels above required regulatory minimums to properly reflect the potentially adverse consequences that the risks may have on the institution's capital.

## **Illustrative questions**

Compared with one year ago:

- What is the level and quality of capital and the overall financial condition of the institution?
- What is the state of implementation of Basel principles?
- Do you apply specific risk-weighted coefficients to calculate capital adequacy? If so, what are these weights?
- How do you rate the ability of management and board members to address emerging needs for additional capital?
- What are the nature, trend, and volume of problem assets, and the adequacy of allowances for loan losses?

- Are tax or other impediments adequate loan-loss or off-balance-sheet provisions?
- What is the current balance sheet composition, including the nature and amount of intangible assets, market risk, concentration risk, and risks associated with nontraditional activities?
- What is the risk exposure represented by off-balance-sheet activities?
- What are your prospects and plans for growth, and past experience in managing growth?
- What are you doing to deal with systemic crisis ?

Overall rating of capital adequacy:

- A rating of 1 indicates a strong to satisfactory capital level relative to the institution's risk profile.
- A rating of 2 indicates a less-than-satisfactory to deficient level of capital that does not fully support the institution's risk profile. This indicates a need for improvement, even if the institution's capital level exceeds minimum regulatory and statutory requirements.
- A rating of 3 indicates a critically deficient level of capital that threatens the institution's viability. Immediate assistance is required from shareholders or external sources.

*Assets.* The asset-quality rating reflects the quantity of existing and potential credit risk associated with loan and investment portfolios, owned real estate, other assets, and off-balance-sheet transactions. The ability of management to identify, measure, monitor, and control credit risk is also reflected here.

### **Illustrative questions**

Compared with one year ago:

- How do you rate the adequacy of underwriting standards, soundness of credit administration practices, and appropriateness of risk-identification practices?
- How do you rate the level, distribution, severity, and trend of problem, restructured, delinquent, and nonperforming assets for both on- and off-balance-sheet transactions?
- What credit risks are arising from off-balance-sheet transactions, such as unfunded commitments, guarantees, commercial and stand-by letters of credit, and lines of credit?
- How is your diversification, and quality of the loan and investment portfolios?
- What is the extent of securities underwriting activities and exposure to counter-parties in trading activities?
- Where are your assets concentrated?
- How adequate are your loan and investment policies, procedures, and practices?
- How able is staff to properly administer assets, including timely identification and collection of problem assets?
- How do you rate the adequacy of internal controls and management-information systems (MISs)?

Overall rating of asset quality:

- A rating of 1 indicates strong to satisfactory asset quality and credit administration practices. Identified weaknesses in risk exposure are modest in relation to capital protection and management's abilities. Asset quality in such institutions is of minimal supervisory concern.

- A rating of 2 is assigned when asset quality or credit administration practices are less than satisfactory or deficient. Trends may be stable or indicate deterioration in asset quality or an increase in risk exposure. The level and severity of classified assets, other weaknesses, and risks require an elevated level of supervisory concern. Credit administration and risk management practices must be improved.
- A rating of 3 represents critically deficient credit-administration practices and/or asset quality that are an imminent threat to the institution's viability.

*Management.* Considers the capability of the board of directors, management, and staff to identify, measure, monitor, and control the risks of an institution's activities and to ensure the institution's safe, sound, and efficient operation in compliance with applicable laws and regulations.

### **Illustrative questions**

Compared with one year ago:

- How would you rate the board of directors' and management's oversight and support of the institution's activities?
- What formal corporate governance rules are in place?
- How would you rate the board of directors' and management's ability to plan for and respond to risks that may arise from changing business conditions or the initiation of new activities or products?
- How appropriate are the internal policies and controls addressing the operations and risks of significant activities?
- Are the accuracy, timeliness, and effectiveness of information and risk-monitoring systems appropriate for the institution's size, complexity, and risk profile?
- Are audits and internal controls adequate to promote effective operations and reliable financial and regulatory reporting?
- How responsive is management to recommendations from auditors and supervisory authorities?

Overall ratings for management:

- A rating of 1 indicates strong to satisfactory performance by management and the board of directors, and strong risk-management practices relative to the institution's size, complexity, and risk profile. Significant risks are identified, measured, monitored, and controlled. Management and the board have demonstrated the ability to address existing and potential problems and risks.
- A rating of 2 indicates risk-management practices are less than satisfactory given the nature of the institution's activities. The capabilities of management and the board of directors are insufficient for the institution's type, size, or condition. Problems and significant risks are inadequately identified, measured, monitored, or controlled.
- A rating of 3 indicates deficient to critically deficient management and board performance, or inadequate risk-management practices. The level of problems and risk exposure is excessive. Problems and significant risks are inadequately identified, measured, monitored, or

controlled and require immediate action by the board and management to preserve the institution.

*Earnings.* The earnings rating reflects the quantity and trend of earnings, and factors that may affect the sustainability or quality of earnings.

### **Illustrative questions**

Compared with one year ago:

- What is the level of earnings, including trends and stability?
- What are the quality and sources of earnings?
- What is the level of expenses in relation to operations?
- Are the budgeting systems, forecasting processes, and MISs adequate?
- Are provisions to maintain the allowance for loan losses and other valuation allowance accounts adequate?
- How exposed are earnings to market risks such as interest rates, foreign exchange rates, and price risks?

Overall ratings for earnings:

- A rating of 1 indicates earnings that are stable and sufficient to support operations and maintain adequate capital after considering asset quality, growth, and other factors affecting the quality, quantity, and trend of earnings.
- A rating of 2 indicates earnings must be improved. Earnings may not fully support operations or provide for the accretion of capital and allowance levels in relation to the institution's overall condition, growth, and other factors affecting the quality, quantity, and trend of earnings.
- A rating of 3 indicates earnings that are deficient to critically deficient. Earnings are insufficient to support operations and maintain appropriate capital and allowance levels. Institutions so rated may be characterized by erratic fluctuations in net income or net interest margin, the development of significant negative trends, nominal or unsustainable earnings, intermittent losses, or a substantive drop in earnings from the previous years.

*Liquidity.* To evaluate a financial institution's liquidity, consider the current level and prospective sources of liquidity compared with funding needs and to the adequacy of funds-management practices relative to the institution's size, complexity, and risk profile. In general, funds-management practices should ensure an institution is able to maintain a level of liquidity sufficient to meet its financial obligations in a timely manner and to fulfill the legitimate banking needs of its community. Practices should reflect the institution's ability to manage unplanned changes in funding sources and react to changes in market conditions that affect the ability to quickly liquidate assets with minimal loss. Funds-management practices should also ensure that liquidity is not maintained at a high cost or through undue reliance on funding sources that may not be available in times of financial stress or adverse changes in market conditions.

## Illustrative questions

Compared with one year ago:

- How adequate are the liquidity sources compared with present and future needs and the institution's ability to meet liquidity needs without adversely affecting its operations or condition?
- How available are assets that are readily convertible to cash without undue loss?
- What is your access to money markets and other sources of funding?
- How diversified are on- and off-balance-sheet funding sources?
- How much do you rely on short-term, volatile sources of funds, including borrowings and brokered deposits, to fund longer-term assets?
- What is the trend and stability of deposits?
- Is management able to properly identify, measure, monitor, and control the institution's liquidity position, including the effectiveness of funds-management strategies, liquidity policies, MISs, and contingency funding plans?

Overall ratings for liquidity:

- A rating of 1 indicates satisfactory liquidity levels and funds-management practices. The institution has access to sufficient sources of funds on acceptable terms to meet present and anticipated liquidity needs. Modest weaknesses may be evident in funds-management practices.
- A rating of 2 indicates liquidity levels or funds-management practices need improvement. The institution may not have ready access to funds on reasonable terms or may have weak funds-management practices.
- A rating of 3 indicates deficient to severely deficient liquidity levels or inadequate funds-management practices. The institution may not have or be able to obtain a sufficient volume of funds on reasonable terms to meet liquidity needs; its viability may be threatened. Institutions rated 3 may require immediate external financial assistance to meet maturing obligations or other liquidity needs.

*Sensitivity to market risk.* This reflects the degree to which changes in interest rates, foreign exchange rates, commodity prices, or equity prices can adversely affect a financial institution's earnings or capital. When evaluating this component, consider management's ability to identify, measure, monitor, and control market risk; the institution's size; the nature and complexity of its activities; and the adequacy of its capital and earnings in relation to its level of market risk exposure.

## Illustrative questions

Compared with one year ago:

- How sensitive are the institution's earnings to adverse changes in interest rates, foreign exchange rates, commodity prices, or equity prices?
- Is management able to identify, measure, monitor, and control exposure to market risk given the institution's size, complexity, and risk profile?
- How concentrated are the institution's earnings with specific clients?
- How concentrated are earnings in specific economic sectors?

- What is the weight of the financial institution's deposits, loans, and capital in the overall financial sub-sector (e.g., banks, the insurance industry, microfinance institutions)?

Overall ratings for market risk sensitivities:

- A rating of 1 indicates that market risk sensitivity is adequately controlled and there is only moderate risk that the earnings performance or capital position will be adversely affected. Risk-management practices are satisfactory for the size, sophistication, and market risk accepted by the institution. The level of earnings and capital provide adequate support for the degree of the institution's market risk.
- A rating of 2 indicates that control of market risk sensitivity needs improvement or that there is significant potential that the earnings performance or capital position will be adversely affected. Risk-management practices must be improved given the size, sophistication, and level of market risk accepted by the institution. The level of earnings and capital may not adequately support the institution's degree of market risk.
- A rating of 3 indicates that control of market risk sensitivity is unacceptable or that there is high potential the earnings performance or capital position will be adversely affected. Risk-management practices are deficient for the size, sophistication, and level of market risk accepted by the institution. The level of earnings and capital provide inadequate support for the institution's degree of market risk.

#### **Section 4: Corporate Sector Access to Finance Assessment**

The objective is to assess two key indicators of corporate sector access to financial services: earnings and leverage. The foreign exchange and interest rate exposure of companies are two other indicators to assess the potential impact of exchange rate and interest rate changes on corporate sector balance sheets.

*Earnings.* This rating reflects the quantity and trend of earnings and factors that may affect the sustainability or quality of earnings.

#### **Illustrative questions**

Compared with one year ago:

- What is the earnings level, including trends and stability?
- How are the quality and sources of earnings?
- What is the level of expenses in relation to operations?
- How adequate are the budgeting systems, forecasting processes, and MISs?
- How exposed are earnings to market risks such as interest rates, currency exchange rates, and price risks?

Overall ratings for earnings:

- A rating of 1 indicates earnings are stable and sufficient to support operations and maintain adequate capital after considering asset quality, growth, and other factors that affect the quality, quantity, and trend of earnings.
- A rating of 2 indicates earnings must be improved. Earnings may not fully support operations and provide for the accretion of capital and allowance levels in relation to the institution's

overall condition, growth, and other factors affecting the quality, quantity, and trend of earnings.

- A rating of 3 indicates earnings are deficient to critically deficient. Earnings are not sufficient to support operations and maintain appropriate capital and allowance levels. Institutions so rated may be characterized by erratic fluctuations in net income or net interest margin, the development of significant negative trends, nominal or unsustainable earnings, intermittent losses, or a substantive drop in earnings from previous years.

*Leverage.* This reflects a company's ability to access finance. It refers to re-financing of existing loans, access to equity (if needed), obtaining adequate working capital at reasonable interest rates and conditions, and getting adequate internal sources of working capital.

### **Illustrative questions**

Compared with one year ago:

- How adequate are the funding sources compared with present and future needs and the company's ability to meet liquidity needs without adversely affecting its operations or condition?
- Are management and board members able to address emerging needs for additional capital?
- How diversified are funding sources, both equity and debt?
- To what degree do you rely on short-term, volatile sources of funds, including short-term borrowings, to fund longer-term needs?
- Is management able to properly identify, measure, monitor, and control the company's financing needs?
- How do you rate your current access to finance and financial services from banks and other traditional financial institutions?

Overall ratings for leverage:

- A rating of 1 indicates satisfactory access to funding and financial services. The company has access to sufficient sources of funds on acceptable terms to meet present and anticipated liquidity needs.
- A rating of 2 indicates liquidity levels or funding-management practices need improvement. Companies rated 2 may lack ready access to funds on reasonable terms or may evidence significant weaknesses in funding-management practices.
- A rating of 3 indicates deficient to severely deficient liquidity levels or inadequate funding-management practices. Companies rated 3 may not have or be able to obtain a sufficient volume of funds on reasonable terms to meet liquidity needs. The company's viability may be threatened.

## **Section 5: Most Vulnerable Households Financial Soundness Assessment**

The objective is to assess two key financial soundness indicators for the most vulnerable households: exposure to crisis and fiscal strength.

*Exposure to crisis.* This rating reflects the exposure of the most vulnerable households to financial shocks.

## Illustrative questions

Compared with one year ago:

- What percentage of households lives below the poverty line (i.e. income of less than \$2 a day)?
- What is the expected per-capita GDP real growth for this year?
- What percentage of the budget goes to anti-poverty and social safety nets?
- What is the trend of this budget participation in the last three years?
- What is the trend of this budget in absolute value in the last three years?
- What is the expected growth rate of this budget for next year?

Overall ratings for exposure to shocks:

- A rating of 1 indicates households are “highly exposed” if the real per-capita GDP growth rate and the anti-poverty and social safety-net budget are expected to be lower this year compared with last year, and where 20 percent or more of households live below the poverty line.
- A rating of 2 indicates households are “moderately exposed” if only one of the three conditions holds.
- A rating of 3 indicates households are “not exposed” if none of the conditions holds.

*Fiscal strength.* This reflects the ability of the government to finance larger fiscal deficits to address higher demands in anti-poverty and social safety-net programs. It refers to the government’s ability to raise and effectively manage additional funding domestically and from abroad without jeopardizing macroeconomic stability and debt sustainability. This section should be completed jointly with Section 1: Public Sector Financial Soundness Assessment.

## Illustrative questions

Compared with one year ago:

- How adequate are government funding sources compared with present and future needs and the government’s ability to meet and effectively manage increased anti-poverty and social safety-net fiscal needs without adversely affecting macroeconomic stability and debt sustainability?
- How do you rate the government’s ability to address emerging needs for additional funds? Can the government effectively manage these funds in anti-poverty and social safety-net emergency programs?
- How diversified are the government’s funding sources?
- To what degree do you rely on short-term, volatile sources of funds, including short-term borrowings to fund longer-term needs?
- Is the government able to properly identify, measure, monitor, and control the financing of its anti-poverty and social safety-net emergency programs?
- How do you rate the government’s current access to finance and financial services from voluntary and/or concessional sources (e.g., IFIs)?

Overall ratings for fiscal strength:

- A rating of 1 indicates satisfactory access to funding and financial services. The government has access to sufficient sources of funds on acceptable terms to meet present and anticipated fiscal needs. It also has the ability to institutionally address the needs of increased anti-poverty and social safety-net emergency programs.
- A rating of 2 indicates liquidity levels or funding-management practices need improvement. The government may lack ready access to funds on reasonable terms or may evidence significant weaknesses in funding-management practices and options. The government may also display institutional weakness to address the increased needs of anti-poverty and social safety-net programs.
- A rating of 3 indicates deficient to severely deficient institutional capacity and liquidity levels and inadequate funding-management practices. The government may not have or be able to obtain a sufficient volume of funds on reasonable terms to meet emergency fiscal needs; the continued viability of anti-poverty and social safety-net emergency programs may be threatened. Institutional capacity to meet challenging needs of managing and implementing increased anti-poverty and social safety-net programs is severely deficient.

## REFERENCES

Federal Deposit Insurance Corporation CAMEL Rating System

World Bank and International Monetary Fund Financial Sector Assessment Program (FSAP)